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BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

MAIL PROCESSING NETWORK RATIONALIZATION SERVICE CHANGES, 2011	Docket No. N2012-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1 QUESTION 7
(January 24, 2012)

United States Postal Service witness Neri (USPS-T-4) provides a response to the above-listed question from the Presiding Officer, dated December 29, 2011. The question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1

7. On page 27 of his testimony, witness Neri (USPS-T-4) states, "revision of service standards and the opportunity to streamline and consolidate facilities throughout the network are expected to generate productivity gains." On pages 29-30, figure 12, witness Neri provides estimates of mail processing productivity improvements.

a. Please provide all workpapers used to develop the estimates of improvements.

b. Please also provide separate productivity improvement estimates for the:

i. revision of service standards; and

ii. consolidation of facilities.

RESPONSE:

a. As described in my testimony, the productivity estimates relied on my operational knowledge and experience related to how the mail processing network currently works based on service standards, and how the mail processing network will work based on the realignment of service standards and the ability to balance the mail processing profile. I began this process by assessing current end-of-run volumes and the current mail processing profiles. These are provided in Library References USPS-LR-N2012-1/49 and 50. The Management Operating Data System (MODS) does not provide workload or workhours by hour. In order to assess the current mail processing profiles, I relied on the end-of-run system which provides the start and stop times of machines by operation. As discussed in Library References 49 and 50, we used all runs for the major letter, flat and parcel equipment types for the period 9/12/11 to 9/30/11. In order to determine a general sense of the operational profile, we utilize the start and end time-stamps of the operational run and spread the volume (pieces fed) across that time evenly.

RESPONSE to POIR 1, Q7 continued:

Example:

Fed 100,000

Start 15:45

End 20:45

Spread:

1500-1600 5,000

1600-1700 20,000

1700-1800 20,000

1800-1900 20,000

1900-2000 20,000

2000-2100 15,000

These data were aggregated across the country by hour and type of mail: letters, flats and packages/parcels. They were used to calculate the needed complement, by hour, for each shape. Because the Postal Service must staff for an eight-hour tour, I found which hour of each tour required the most staffing and then compared the values for the needed complement busiest hour with the complement needed for the other hours of the tours. This showed substantial excess staffing due to the need to staff the peak hour. Next, I compared the current staffing required based on this profile to the staffing the Postal Service would need if volumes were spread evenly across each tour.

RESPONSE to POIR 1, Q7 continued:

Based on this information, gleaned from the End-of-Run Data, if the Postal Service accomplished an even volume spread across all operations, there would be an approximately 28 percent lower staffing level across all operations. Based on my expertise, I recognized not all operations will be perfectly spread, and there are many simplifications in the end-of-run analysis, so I decided to utilize just a 15 percent overall productivity increase. The 15 percent productivity increase would be allocated across the various operations based on my knowledge of the operations and what I expected to occur based on the new processing profile. For example, letters currently have a very uneven mail processing profile (as shown in USPS-T-4, figure 11, which is based on chart 4 of Library Reference USPS-LR-N2012-1/49). This is why I expect that productivity improvement to be higher than the 15 percent. The current parcel profile is more even across the day, which is why I expect that productivity improvement to be lower.

All operations include inherent inefficiencies or idle time. Based on workload availability, this varies from one operation to another. As an example, based on my experience and judgment, platform operation efficiency is dependent on transportation profiles. This operation experiences a greater than average idle time. As such, I expect at least a 20 percent productivity improvement here.

RESPONSE to POIR 1, Q7 continued:

b. The Postal Service did not generate separate productivity improvement estimates for the revision of service standards and the consolidation of facilities. Due to the inherent link between the revisions to service standards allowing for the expansion of the mail processing window leading to the significant consolidation of the mail processing network, the Postal Service estimated only productivity estimates for the mail processing network described throughout the testimony.